

# **HURRICANE RECOVERY SCAMS**

Once the immediate hazards of a natural disaster are over, it's inevitable that other problems surface. Among these are scams, frauds, and other consumer protection issues. The Federal Trade Commission (FTC), the nation's consumer protection agency, wants you to have important information about scams you may encounter, your rights, and links to other organizations that have important information about relief for Hurricane Katrina victims.

## **ADVANCE FEE LOANS**

These scams typically require that consumers or businesses pay some type of fee up front, say, to process the loan. The promised loan never materializes. A variation on this scam offers credit cards. But after you send in your money, all you get is a list of banks to contact yourself.

## **APPLIANCES**

If one repair person tells you that an expensive or major appliance should be replaced, ask for the opinion and replacement cost in writing. Ask to see the contractor's state and/or local business license. Talk to your insurance adjuster about the cost, and consider getting a second opinion. Make sure your contract lists materials to be used and a completion date. As always, don't make the final payment until the work is completed and you are satisfied with the job.

## **AUTO REPAIR**

If your car was submerged in at least a foot of standing water for more than an hour, have it checked out by a car dealer or repair shop. Even if it runs, hidden damage could pose problems later on.

- Get detailed written estimates and keep copies of receipts and invoices.
- If you're buying a used vehicle, inspect it carefully. Look at hidden parts or crevices to check for mud or silt, which indicates water damage. Some other clues to damage:
  - new upholstery or carpeting;
  - dirt or mud in air vents or on top of the engine;
  - musty or moldy smell;
  - fluid contamination such as oil, power brakes and transmission. A mixture of motor oil and water looks milky white.

Before you buy a used car, do a title search for the current owner's name and address, purchase date, purchase price, sales tax, if owner is a car dealer, and odometer reading. You must have the Vehicle Identification Number (VIN) to do this. It's on the dashboard.

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## **DEBRIS REMOVAL**

If you are dealing with a company or person who promises to remove debris from your property, ask them to list the services they will provide in writing. Don't make the final payment until you have inspected the job and are happy with it. Check around for prices to make sure you are not overcharged.

## **DOOR-TO-DOOR SALES (COOLING OFF RULE)**

As flood waters recede, you may find salespeople at your door offering a variety of home-repair products or services. You have certain cancellation rights when sales occur in your home, from the back of a truck, or anywhere but the seller's established place of business.

If the sale is more than \$25, you can cancel within three days and still get a full refund. The salesperson is required to tell you about your three day right to cancel and give you a form to use.

You can cancel for any reason, but you have to do it in writing. Sign and mail the form the salesperson gave you at the sale. Make sure it is post-marked before midnight on the third business day after the sale. Report any problems with door-to-door sales to the Federal Trade Commission at [www.ftc.gov](http://www.ftc.gov), or 1-877-FTC-HELP.

## **FAKE or PHONY DISASTER OFFICIALS**

Always ask for identification from any officials who stop at your home or your temporary shelter. Some scam artists claim to be government officials who could help you qualify for disaster relief payments for a "processing" fee. Others masquerade as safety inspectors or utility repair men who say immediate work is required. Still others say they can get you FEMA funds for a fee. FEMA does not charge application fees. In fact, no government agency charges application fees.

Verify the credentials of anyone who is offering you low-interest government loans. Confirm that they are affiliated with such agencies by calling the agencies if necessary.

## **FOUNDATION, EXCAVATION, or WATERPROOFING WORK**

Occasionally, workers offer to use "leftover" materials to repair your home. Very often, these are not left over from a previous job, but rather, poor quality materials. Some states report that common household paint has even been used in fraudulent waterproofing scams. What can you do?

- Get all proposals and contracts in writing.
- Get a second opinion.
- Check the identification of the workers.
- Inspect the work before it is covered — or ask independent and qualified people to check the work for you before it is covered and you pay for it.

## **HOME OWNERSHIP ISSUES**

If your home is damaged and you can't live there, you still have a mortgage. Contact your lender immediately. Many institutions are allowing a grace period during which they may suspend your obligation to make mortgage payments.

Mortgage help from FEMA may be available if you face foreclosure proceedings. FEMA operates a Disaster Housing Program to help homeowners who have been forced out of their homes by disasters. This

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includes Disaster Home Repair Assistance, which provides grants to homeowners for minor but necessary disaster-related repairs. Call the FEMA Disaster Helpline at 1-800-621-FEMA.

You may be eligible for loans from the Small Business Administration to make necessary repairs. The SBA makes low interest loans of up to \$200,000 to homeowners to repair or replace damaged or destroyed real estate.

If you have a mortgage insured by the FHA (HUD) or VA, you may have additional protections, like a forbearance on the mortgage payments or a period of suspended payments. Call HUD (1-888-297-8685) for information or your nearest VA office.

## **JOB SCAMS**

Most disaster-related job scams involve ads for job opportunities, such as floor clean up or other labor, and require a payment in advance. But they don't produce a job. Job listings from 800 and 900 numbers are of special concern. Classified ads telling you to call a 900 phone number for a job referral are an expensive way for someone to read you classified ad listings. Report job scams to the FTC, [www.ftc.gov](http://www.ftc.gov), or 1-877-FTC-HELP.

## **PEST CONTROL**

Receding flood waters bring out pests. Check any offers of free inspections: They could result in unnecessary and expensive treatments. Get a second opinion.

## **RENTAL LISTING SCAMS**

After a natural disaster, so many people are in need of someplace to live. In a rental listing scam, someone promises to find you housing, but asks you to pay for the promise in advance. Usually state law requires a prepaid rental listing service to give you a written contract. Read it carefully. Meanwhile, know that con artists may try to charge you a fee for the promise of housing that doesn't exist.

## **UTILITY RELATED SCAMS**

Sometimes, fraudsters lie about the quality of the water supply to get you to buy overpriced or useless water treatment devices. Or door-to-door con artists portray themselves as utility workers checking out safety issues. They're really casing your place. Ask for identification before you let anyone in, and make sure you can believe it by checking out the company.

## **WATER TREATMENT OR PURIFICATION DEVICES**

Fraudulent firms may try to sell you overpriced or useless water treatment devices by offering to test your water for free. Offers to test the tap water in your home for free are almost always part of a sales promotion. No single device can solve all kinds of water problems. Don't drink any tap water until the local authorities have said it's okay.

If you're on a public water system, your local water-utility office can tell you about water safety problems and what to do. The health department can answer your questions about private wells. And if the seller claims the water treatment device can remove contaminants, don't buy it until you find out if the seller is properly registered and the treatment system is properly certified with the state department of public health.

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## **RESOURCES**

The FTC does not necessarily endorse the views expressed on these websites or guarantee the accuracy or completeness of information on them. Please note that these sites may track visitor viewing habits.

### **FEDERAL**

Federal Emergency Management Agency (FEMA):

FEMA: How to get help: [www.fema.gov/press/2005/resources\\_katrina.shtm#gethelp](http://www.fema.gov/press/2005/resources_katrina.shtm#gethelp)

FEMA Disaster Aid FAQ: [www.fema.gov/press/2005/katrinafaqs.shtm](http://www.fema.gov/press/2005/katrinafaqs.shtm)

FEMA Disaster Aid Application: [www.fema.gov/about/process/](http://www.fema.gov/about/process/)

Federal Deposit Insurance Corporation: [www.fdic.gov/](http://www.fdic.gov/) 1-877-ASK-FDIC (information about bank accounts, lost financial records, ATM cards, direct deposits and other bank information)

Federal Reserve Board: [www.federalreserve.gov](http://www.federalreserve.gov)

Center for Medicare & Medicaid Services: [www.cms.hhs.gov/katrina/](http://www.cms.hhs.gov/katrina/)

Internal Revenue Service (IRS) and U.S. Treasury: [www.ustreas.gov/press/releases/js2698.htm](http://www.ustreas.gov/press/releases/js2698.htm)

For savings bondholders: [www.publicdebt.treas.gov/com/comkatrina.htm](http://www.publicdebt.treas.gov/com/comkatrina.htm)

National Credit Union Administration (NCUA): [www.ncua.gov/](http://www.ncua.gov/)

Small Business Administration (SBA): Small Business Administration Disaster Assistance: [www.sba.gov/disaster\\_recov/assistance.html](http://www.sba.gov/disaster_recov/assistance.html)

Social Security Administration, benefits in affected areas: [www.ssa.gov/emergency/](http://www.ssa.gov/emergency/)

US Department of Agriculture: [www.usda.gov](http://www.usda.gov)

US Department of Education: [www.ifap.ed.gov/eannouncements/katrina.html](http://www.ifap.ed.gov/eannouncements/katrina.html) (information for students, borrowers, parents, and schools)

US Department of Energy: [www.doe.gov](http://www.doe.gov)

US Department of Housing and Urban Development: 1-888-297-8685 (assistance with housing); [www.hud.gov](http://www.hud.gov)

US Department of Justice: [www.usdoj.gov](http://www.usdoj.gov)

US Department of Labor: [www.dol.gov](http://www.dol.gov) (job opportunities and other employment assistance)

US Department of Veterans Affairs: [www.va.gov](http://www.va.gov)

US Government National Mortgage Association: [www.ginniemae.gov](http://www.ginniemae.gov)

### **NATIONAL ORGANIZATIONS**

American Red Cross: [www.redcross.org](http://www.redcross.org)

Better Business Bureau: [www.bbb.org](http://www.bbb.org)

Federal National Mortgage Association: [www.fanniemae.com](http://www.fanniemae.com)

Federal Home Loan Mortgage Corporation: [www.freddiemac.com](http://www.freddiemac.com)

SLM Corporation: [www.salliemae.com](http://www.salliemae.com)

### **STATE GOVERNMENT**

Mississippi: [www.mema.ms.gov/](http://www.mema.ms.gov/)

Louisiana: [www.louisiana.gov/wps/portal/](http://www.louisiana.gov/wps/portal/)

Alabama: [www.alabama.gov/](http://www.alabama.gov/)